



# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* **Florida Farmers Will Benefit**

September 2008

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The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Florida's agricultural products, including fruits, vegetables, and beef. Florida's agricultural exports to all countries, estimated at \$1.9 billion in 2007, supported about 20,250 jobs, on and off the farm. These export sales make an important contribution to the Florida farm economy, which had total cash receipts of \$7.6 billion in 2007.

**Fruits and Fruit Products.** Supported by its large citrus industry, Florida fruit producers and processors are the state's leading agricultural export industry and the third largest fruit exporter in the nation with overseas sales estimated at \$730 million in 2007. This industry will benefit from this agreement.

- The 54-percent tariff on frozen orange juice will be eliminated immediately upon implementation of the agreement.
- Many other products such as avocados, lemons, and grapefruit will have their 30-percent duty eliminated in either 2 or 5 years.
- For oranges, the FTA establishes front-loaded seasonal (March-August) tariff cuts that benefit 70 percent of exports through an immediate reduction from 50 to 30 percent and a 7-year phase out. Access for shipments earlier in the year is provided through a duty-free quota.

**Vegetables and Pulses.** The nation's fifth largest fresh and processed vegetable exporter, Florida's vegetable industry will benefit from this FTA.

- Tariffs on fresh cucumbers, canned and processed tomatoes, frozen potato fries, and chipping potatoes (during the U.S. potato shipping season) will become duty free immediately.
- A new 3,000-ton duty-free quota for fresh potatoes and a new 5,000-ton duty-free quota for dehydrated potatoes will bring opportunities for growers.
- Other products such as pickled cucumbers, carrots, lettuce, dried mushrooms, and sweet corn, with duties ranging from 30 to 45 percent, will have tariffs phased out in either 5 or 10 years.
- The current 27-percent tariff on most pulses (peas, beans, and other legumes) will be eliminated within 5 years while the tariff for lentils will be removed within 10 years.

**Beef.** As the state's fourth largest source of farm cash receipts at \$449 million in 2007, Florida's cattle and calf industry will gain from this agreement.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

*For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*

*For detailed information on how the Agreement benefits specific commodities, please visit:*

*<http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>*